DUKASCOPY
RESEARCH PRODUCTS

Market Research

Dominant Events of the Period

Yellow Area

February 19

09:30 - 13:30

- UK Public Sector Net Borrowing

- US Consumer Price Index

- Canadian Retail Sales, BoC Consumer Price Index, Consumer Price Index

Turquoise Area

February 22

08:00 - 09:00

- France Markit Manufacturing PMI, Markit Services PMI

- German Markit Manufacturing PMI, Markit Services PMI, Markit PMI Composite

- EU Markit PMI Composite, Markit Services PMI, Markit Manufacturing PMI

Blue Area

February 23

07:00 - 15:00

- German Gross Domestic Product, IFO Expectations

- BoE Governor speech

- US Consumer Confidence

Purple Area

February 24

14:00 - 15:00

- Markit Services PMI, New Home Sales

Orange Area

February 25

07:30 - 20:00

- UK Gross Domestic Product

- EU Consumer Price Index

- US Initial Jobless Claims, Durable Goods Orders, Housing Price Index

|	Yellow	Turquoise	Blue	Purple	Orange
EUR Currency Index Change	-0.02%	-0.63%	0.12%	0.07%	-0.14%
Max EUR Volatility Index	1.27	1.07	1.22	1.34	0.96

Relative Currency Strength

Currency Indexes
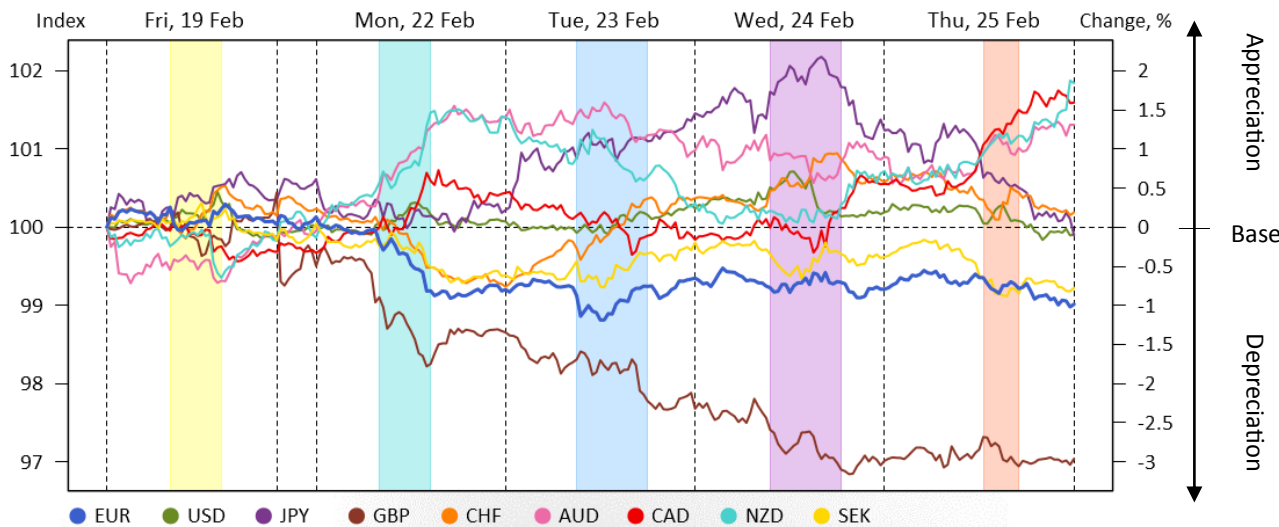
The first day of the period was calm for all observed currencies. The most conspicuous was the Sterling drop – which reached its lowest level in seven years as investors anticipate the possibility of Britons voting "Out" in the upcoming 'Brexit' referendum. Thus, the currency remained on the worst performer's position till the end of the week, and probably, will continue its downward trend. Together with the majority of the currency indexes, it ended the period with 3.0% deviation from the baseline. Commodity currencies such as Loonie, Aussie and Kiwi, in turn, finished the period with more than 1.3% gain and became the top performers.

The stated above currencies extended its notable gains induced by bouncing crude oil prices, with West Texas Intermediate futures adding 4.82% to $33.28 per barrel and Brent contracts advancing 4.79% to $34.59 per barrel. Unexpectedly low US February's manufacturing market data also helped currencies to rise.

The Euro Currency Index ended the period also with a loss, diving around 1% below the baseline. The currency has depreciated by 0.98% against seven of its eight observed peers. Notable negative changes in the currency index were observed on Tuesday, since the single European currency dropped around 50 pips from daily highs.
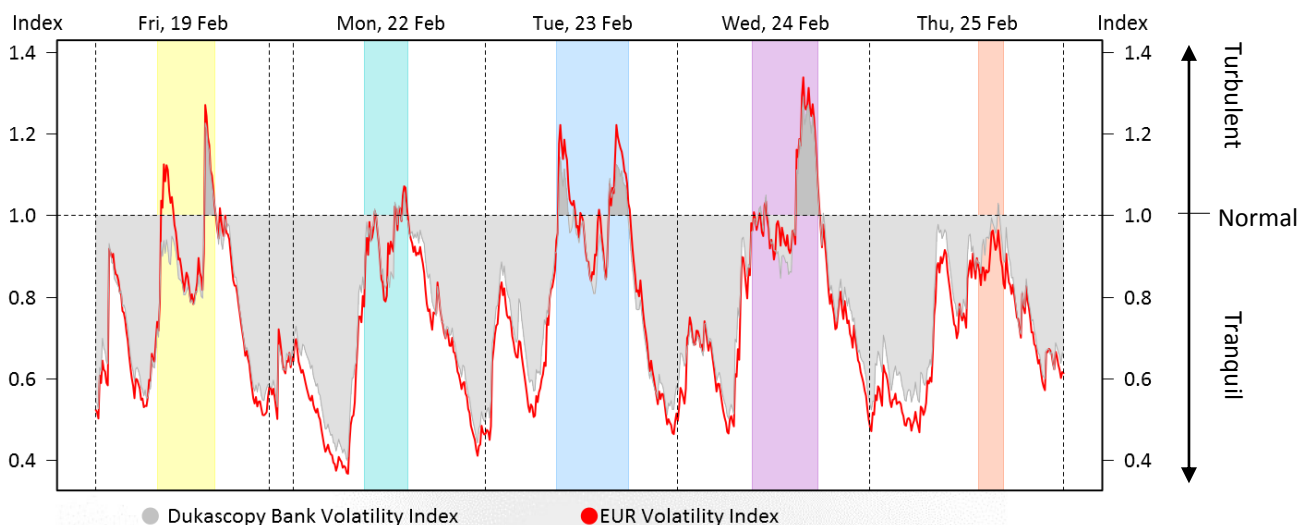
EUR
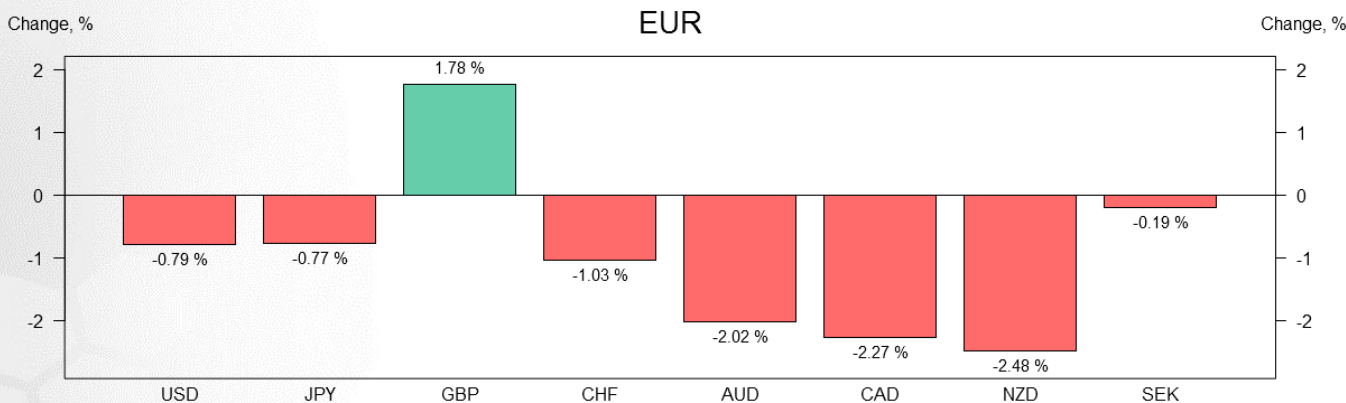
Currency Index Change

Days	EUR	USD	JPY	GBP	CHF	AUD	CAD	NZD	SEK
5	-0.98%	-0.09%	-0.11%	-2.96%	0.19%	1.31%	1.59%	1.84%	-0.78%
20	-0.83%	-1.78%	4.67%	-5.2%	1%	-0.14%	1.99%	2.09%	-1.7%
130	-1.71%	0.75%	7.97%	-9.7%	-2.45%	2.14%	-2.07%	6.32%	-0.11%
250	2.08%	5.51%	11.03%	-6.4%	0.72%	-4.11%	-4.11%	-7.42%	2.71%

Volatility

Volatility

The turbulence on the market edged up from 1% of elevated volatility in the period ending on February 24, mostly fueled by negotiations over crude oil and increased concerns over a possible Britain's exit from the Euro zone. The Euro was the sixth most turbulent currency by all parameters, with its portion of elevated volatility and average volatility index level beat by the pound's and the yen's readings, and the maximum turbulence surpassed by the franc and the dollar. Subsequently, EUR/CHF was the most volatile single currency's cross. Meanwhile, Friday, Tuesday, and Wednesday were the only days with some noteworthy volatility spikes,

and all of them were about the Euro's turbulence.

The pair had been slowly dropping earlier in the day on Friday, since German PPI inflation indices went down further in the preceding month, with the monthly change coming out at -0.7%, down from -0.5% previously. According to the US Census Bureau, new home sales unexpectedly plunged 9.2% to 494,000, following a down-revised 8.2% surge booked a month ago. Meanwhile, economists expected only a moderate 4.4% drop to 520,000 in January. From the European side, in turn, there were no another major economic data publications.

Elevated Volatility (% of the observed period)

Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
9	11	16	29	31	14	16	11	12	9

Volatility Index (for the observed period)

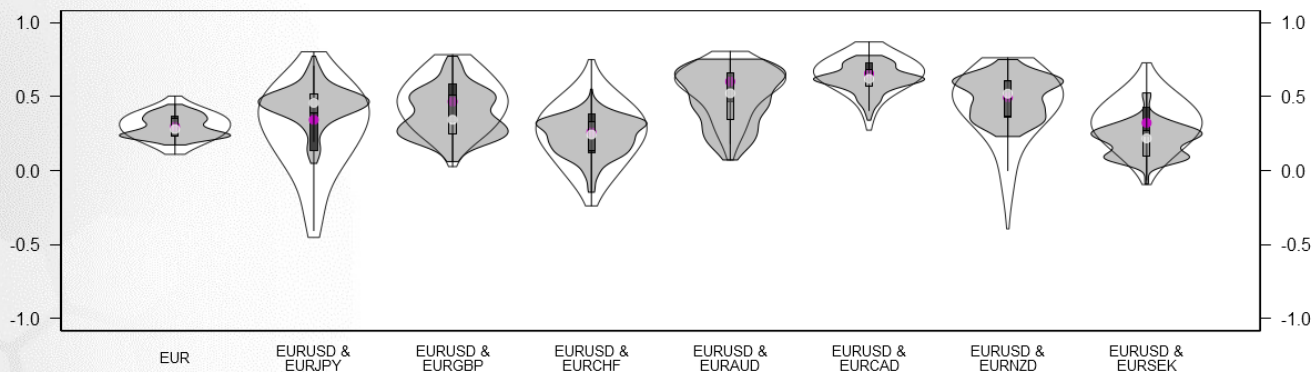|	Market	EUR	EURUSD	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
Max	1.29	1.34	1.83	1.7	1.82	1.89	1.78	1.74	1.48	1.65
Min	0.4	0.37	0.24	0.42	0.33	0.27	0.31	0.3	0.38	0.1
Average	0.77	0.75	0.72	0.88	0.85	0.71	0.77	0.71	0.76	0.59

Currency Significance

Correlations
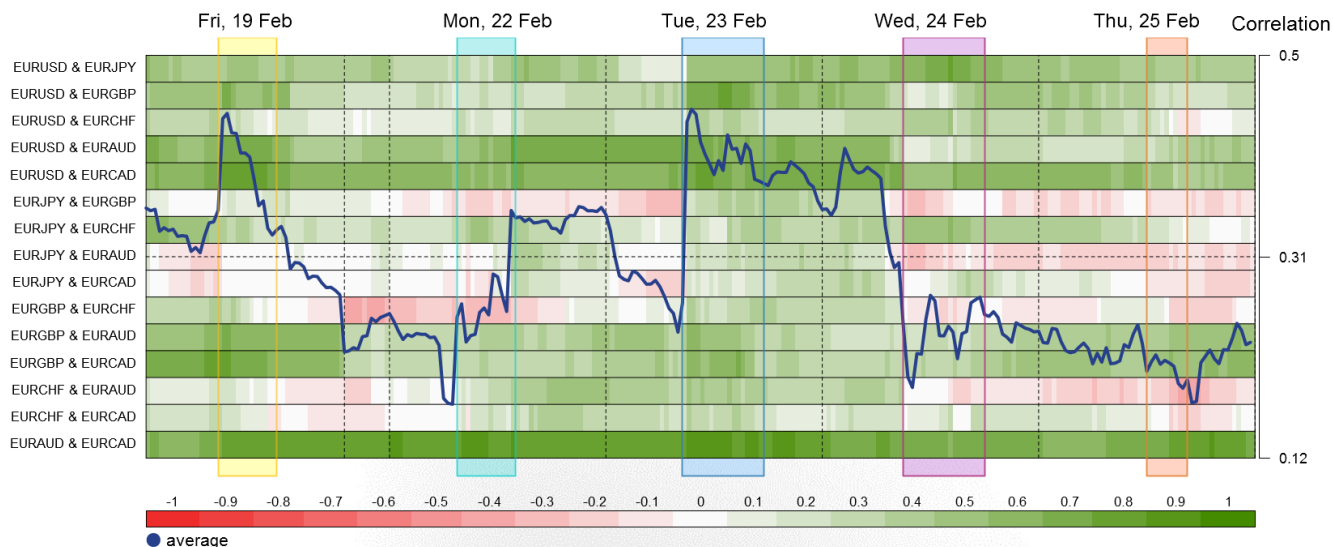
The Euro significance measure was quite dynamic during the period, ranging from 0.17 to 0.46, but ultimately posted slight change from its initial value. The composite's average value remained unchanged from the previous period, though the averages of most of its EUR/USD components posted a moderate growth. This growth was more substantial than the weekly change, as the component distributions notably shifted up, making their upper tails heavier and lower tails shorter.

The Euro composite had a bumpy start on Friday which almost immediately was changed by a downward correction, resuming to reach its minimum value on Monday morning. Afterwards, the composite was again accelerating, right before the another steep decline. However, in the middle of Tuesday, the pair was oscillating above its three-week low. Investors observed a set of major data updates in both continents, starting with the second estimate of German GDP figures which came out in line with estimates. On the downside, according to the IFO Institute which published mostly downbeat data in February, namely the business climate, which slipped to 105.7 points, the lowest point since December 2014, while expectations dived to a seventeen-month low at 98.8 points.
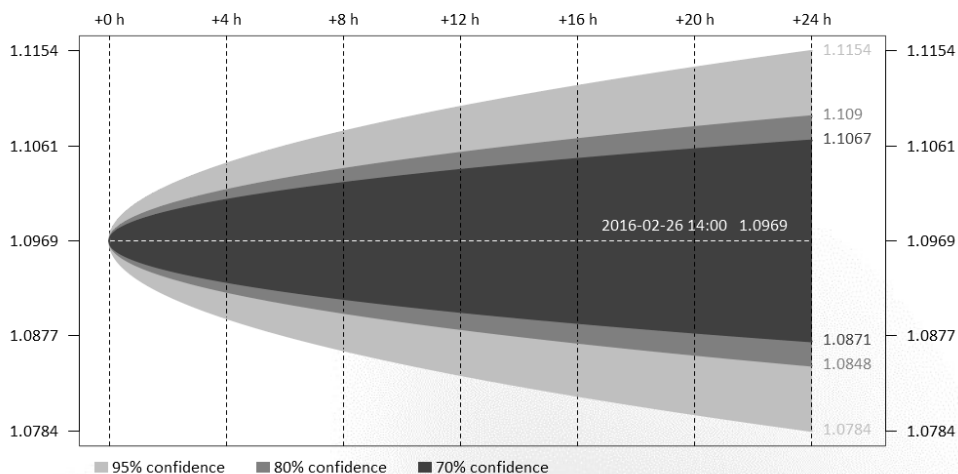
Correlations (5 vs 20 days)
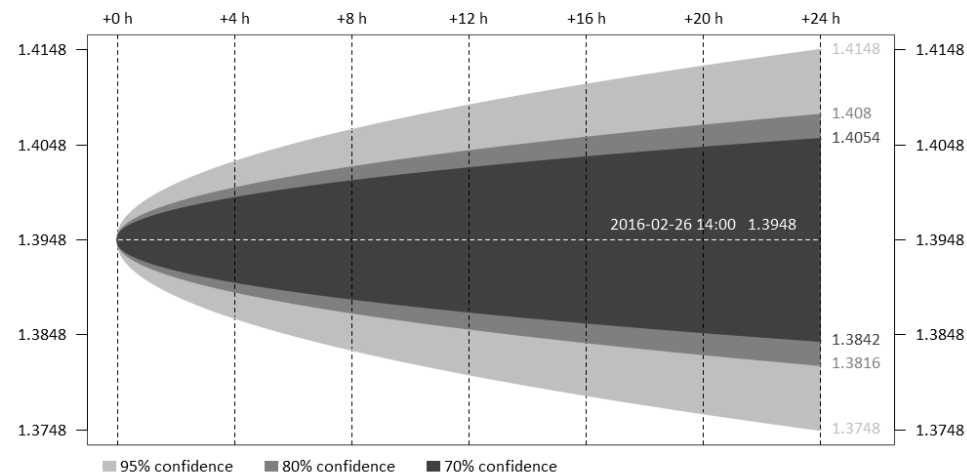

Mean Correlation Coefficient (with EURUSD)

Days	EUR	EURJPY	EURGBP	EURCHF	EURAUD	EURCAD	EURNZD	EURSEK
5	0.29	0.44	0.38	0.23	0.49	0.62	0.5	0.2
20	0.3	0.29	0.46	0.25	0.55	0.65	0.45	0.32
130	0.38	0.57	0.66	0.3	0.55	0.68	0.47	0.25
250	0.39	0.68	0.68	0.35	0.5	0.67	0.43	0.22

Confidence Intervals for Next 24 Hours

EURUSD Potential Rates

| +0 h | +4 h | +8 h | +12 h | +16 h | +20 h | +24 h |

	1.1154
1.1154	1.1154
	1.109
1.1061	1.1067
	1.1061
1.0969	2016-02-26 14:00 1.0969
	1.0969
1.0877	1.0871
	1.0877
	1.0848
1.0784	1.0784
	1.0784

95% confidence   80% confidence   70% confidence

GBPUSD Potential Rates

| +0 h | +4 h | +8 h | +12 h | +16 h | +20 h | +24 h |

1.4148	1.4148
	1.408
1.4048	1.4054
	1.4048
1.3948	2016-02-26 14:00 1.3948
	1.3948
1.3848	1.3842
	1.3848
	1.3816
1.3748	1.3748

95% confidence   80% confidence   70% confidence

USDJPY Potential Rates

| +0 h | +4 h | +8 h | +12 h | +16 h | +20 h | +24 h |

115.47	115.47
	114.77
114.44	114.51
	114.44
113.4	2016-02-26 14:00 113.4
	113.4
112.36	112.29
	112.36
	112.03
111.33	111.33

95% confidence   80% confidence   70% confidence

USDCHF Potential Rates

| +0 h | +4 h | +8 h | +12 h | +16 h | +20 h | +24 h |

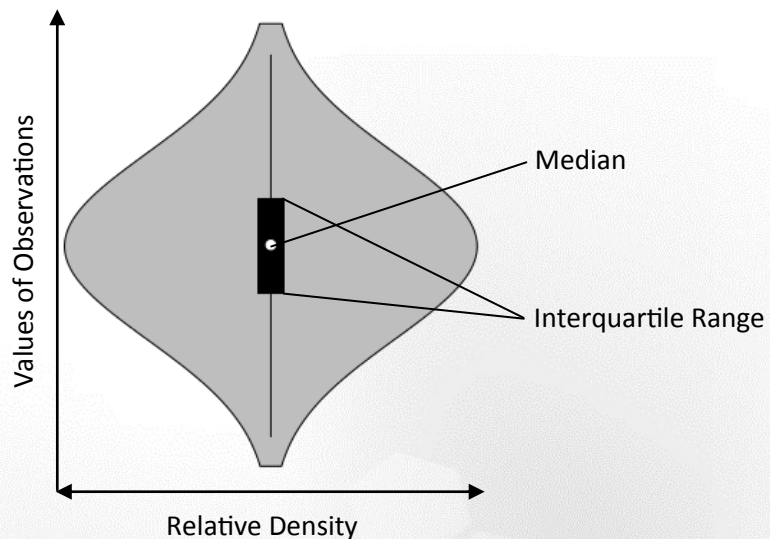| 1.0114 | 1.0114 |
	1.0063
1.0039	1.0044
	1.0039
0.9964	2016-02-26 14:00 0.9964
	0.9964
0.9889	0.9884
	0.9889
	0.9865
0.9814	0.9814

95% confidence   80% confidence   70% confidence

Violin Plot

Violin Plot is a combination of a Box Plot
and rotated Kernel Density Plot

Methodologies

Volatility Index

Confidence Interval

Fundamental Analysis

Technical Analysis

Press Review

Market Research

Expert Commentary

Dukascopy Bank
Sentiment Index

Trade Pattern Ideas

Global Stock Market Review

Commodity Overview

Economic Research

Dukascopy Aggregate
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Technical Analysis
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